

2003 Status Report for the Recycled-Content Newsprint Program

December 2004



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STATE OF CALIFORNIA

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Introduction

To foster markets for old newspapers, in 1991 the California State Legislature established the Recycled-Content Newsprint Program (Public Resources Code sections 42750–42791). This program mandates that at least 50 percent of newsprint used by each of California’s printers and publishers be recycled-content newsprint (RCN). Statute defined RCN as containing a minimum of 40 percent postconsumer paper fiber.

Printers and publishers (consumers) annually certify to the California Integrated Waste Management Board (CIWMB) the total amount of RCN and non-RCN that their businesses use each year. Newsprint manufacturers that produce RCN used by California printers and publishers must also annually certify how much de-inked pulp they received or produced and how much RCN they distributed to California’s newsprint printers and publishers. Both consumer and manufacturer certifications are due by March 1 each year.

The 2003 RCN certifications submitted by the consumers and manufacturers provide the following statistics for 2003:

- 65 percent of all the newsprint used in California was RCN. This represents the second-highest rate since the program began in 1991.
- 84 percent of the consumers were in compliance, representing the third-highest compliance rate since 1991. The remaining 16 percent of the consumers requested exemptions.
- Consumers used 998,153 metric tons of RCN, a 7 percent increase from 2002.
- Staff was able to reconcile 93 percent of all RCN used by consumers with the metric tonnage of RCN shipped into California by newsprint manufacturers.
- 90 percent of the consumers submitted their certifications by the March 1 due date. Only one printer was assessed a \$500 penalty for an over 45-day late submittal.
- All of California’s 153 regulated consumers certified to the CIWMB.

Report and Analysis

Consumer Certification Results

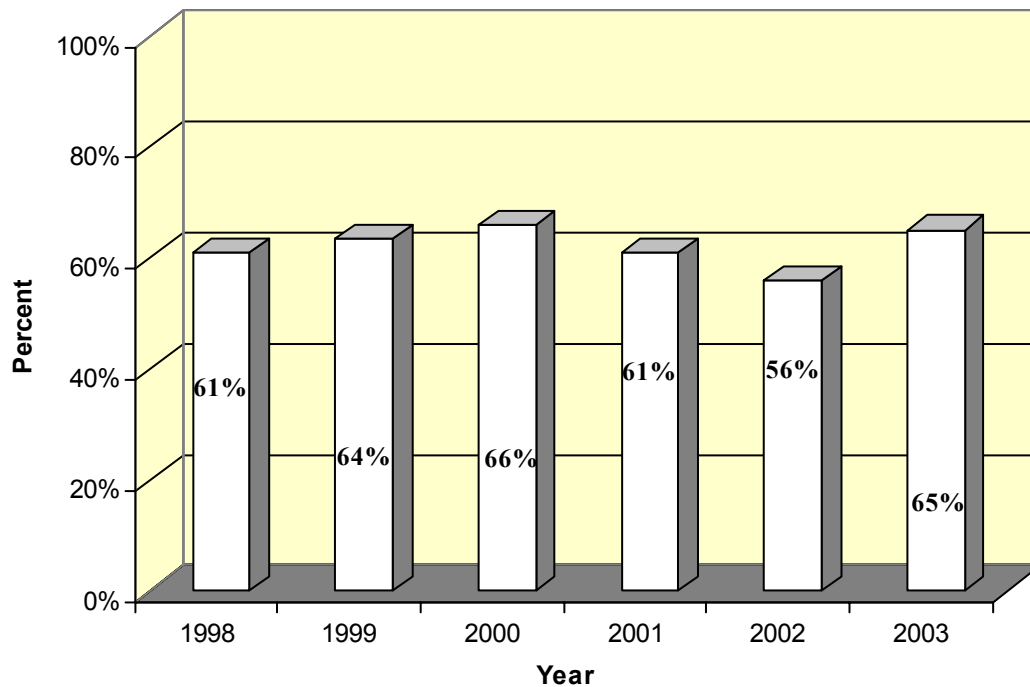
In 2003, staff mailed RCN certification packets to 157 consumers and 153 certifications were completed and returned. Of the 157 consumers, five of the businesses closed, although one still completed a certification. Counted within the 153 completed certifications are two new regulated businesses.

Ninety percent (137) of the consumers submitted their certifications by the March 1 due date; 15 of the remaining 16 filed within the 45-day grace period. Only one company filed its certification after the 45-day penalty assessment date and was assessed an administrative civil penalty of \$500. Under Public Resources Code section 42791, and Title 14, California Code of Regulations (14 CCR, section 17974[b]), consumers are subject to a penalty if the certification is not received within 45 days of the due date.

RCN and Non-RCN Usage

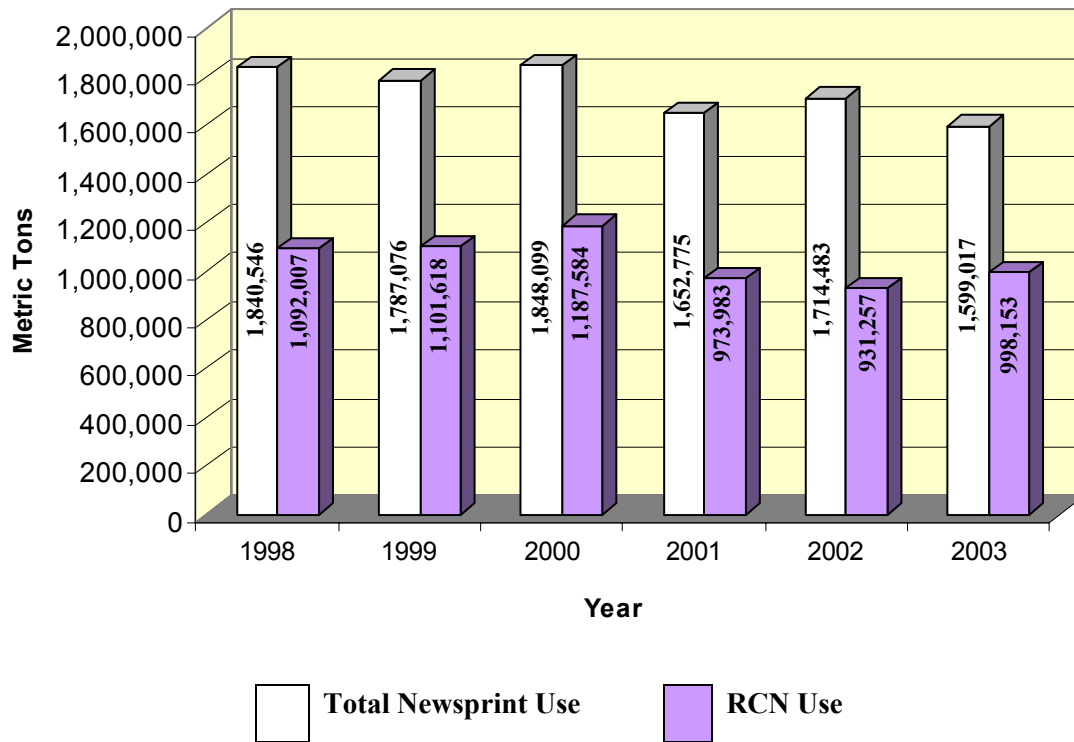
The 2003 certification year was a more successful year for RCN usage and compliance than the previous two years. In 2003, 65 percent of the newsprint used by consumers was RCN (Figure 1).

Figure 1 : Percentage of Newsprint Used that Was RCN



The year 2003 brought a double win in the newsprint industry. Newsprint consumers decreased the overall amount of newsprint they used while increasing the amount of RCN that they used. California's newsprint consumers reportedly used 1,599,017 metric tons of newsprint (Figure 2) of which 998,153 was RCN. Industry is making every effort to reduce waste in the printing process. Additionally, more and more customers are signing up for online subscriptions. The newsprint industry is using fewer materials and increasing the amount of diverted material they use.

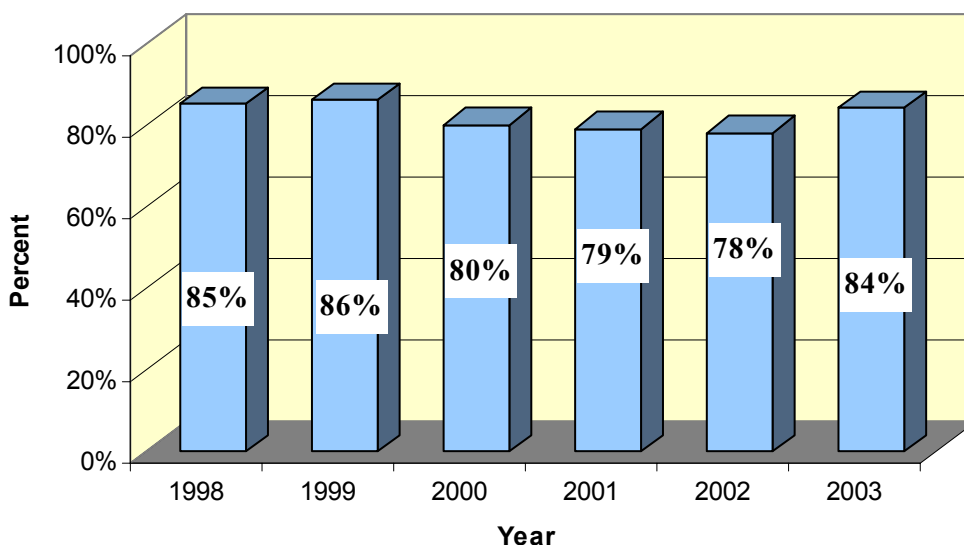
Figure 2 : Total Newsprint and RCN Used



Compliance Rates

The Recycled-Content Newsprint Program mandates that at least 50 percent of the newsprint used by each of California's consumers be RCN. For the year 2003, 84 percent (129) of the consumers complied with this mandate (Figure 3). The remaining 16 percent (24) of the consumers requested exemptions from meeting this mandate.

Figure 3: Compliance Rates



Exemption Requests Made By Printers and Publishers

When a newsprint consumer cannot obtain and use enough RCN to attain its 50 percent mandated use requirement, the business may request an exemption from the law to avoid being “out of compliance.” Exemptions are allowed only in the following three cases:

1. The RCN was not available at a comparable price.
2. The RCN did not meet the quality standards that are annually established by the CIWMB.
3. The RCN was not available in a reasonable time.

In 2003, 24 (16 percent) newsprint consumers reported that they did not meet their minimum-use requirement based upon one or more exemptions allowed. This is eight less than asked for exemptions the two previous years (Figure 4).

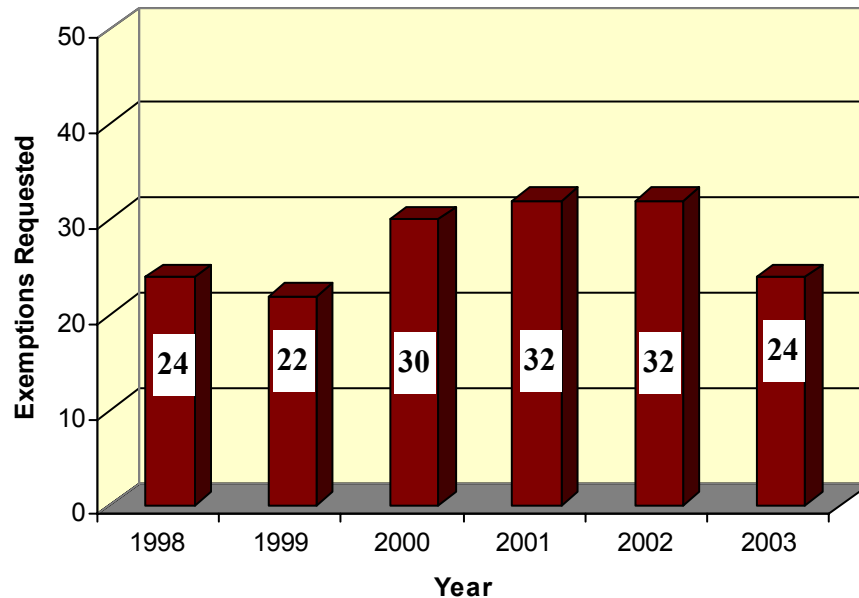
The majority of exemption requests stated RCN was not available at a comparable price. While this continues to be the number one reason for not obtaining the mandated use requirement, we are seeing a drop in the number of consumers claiming the price exemption. Last year 32 consumers claimed the price exemption, and in 2003 this number dropped to only 18. Eight claimed availability, and six consumers claimed the quality exemption. Remember, multiple exemptions can be claimed by consumers.

If a newsprint consumer claims an exemption, they are required to document a “good faith effort” to purchase RCN. A “good faith effort” means contacting at least three different RCN suppliers to obtain the RCN needed to meet their mandated use requirements and documenting the attempted purchases on their certifications. If a good faith effort has not been made and documented, any newsprint consumer not complying with the statutory requirement may be subject to civil penalties of up to \$1,000.

One company that applied for an exemption was recognized as a 2004 Waste Reduction Awards Program (WRAP) winner. This company was identified through the annual WRAP compliance

screening process. In the future staff will look more closely at the “good faith effort” documentation submitted and clarify through the WRAP application whether companies that are in compliance by exemption are eligible to receive a WRAP award.

Figure 4: Number of Exemptions Requested



Manufacturer Certification Results

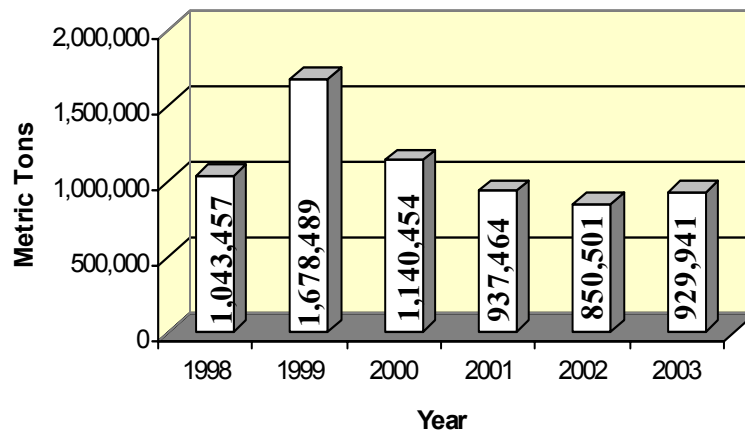
Statute requires manufacturers who supply newsprint in California to certify to the CIWMB by March 1 of each year. The certification includes:

- The metric tons of postconsumer paper and/or de-inked pulp received or produced at each of the manufacturer’s mills.
- The metric tons of RCN, by grade, produced at each of the manufacturer’s mills and supplied for use in California.

Numerous newsprint manufacturers have merged in recent years, resulting in a decrease in the number of entities that provide the feedstock for this program. In 1992, when this program first received manufacturer certifications, 46 manufacturers reported. In 1998, the number dwindled to 13. In 2002 and 2003, only nine manufacturers reported to the CIWMB.

The amount of RCN reportedly supplied to California increased from the all-time low of 2002. The nine manufacturers that submitted certifications noted they received or produced 1,970,119 metric tons of de-inked paper pulp and supplied 929,941 metric tons of RCN to California (Figure 5). Since the amount of RCN reportedly used in 2003 by newsprint printers and publishers was 998,153 metric tons, reconciliation for the figures that newsprint consumers and manufacturers reported is at 93 percent. The 7 percent difference between RCN use and RCN supply is most likely the result of material used that was supplied during the previous year.

Figure 5: RCN Supplied to California



Voluntary Efforts by Industry Trade Associations

As always, the CIWMB acknowledges the efforts of the Printing Industries Association of California and the California Newspaper Publishers Association in ensuring their constituents are aware of the mandated RCN Program. If not for the efforts of the trade associations, many newsprint consumers would have been less aware of the program requirements and possibly subject to fines. In particular, we would like to give a special acknowledgement to Thomas W. Newton with the California Newspaper Publishers Association for his continued efforts in supporting the RCN Program.

Conclusion

California's newsprint consumers are clearly aware of their environmental responsibilities. Their eagerness to abide by the law and attempt to meet the mandated RCN use requirements set by the Legislature is a testimonial to their respect for the environment and the people of California. Additionally, RCN manufacturers exhibit the same awareness.

In 2003, the newsprint industry successfully achieved a double win. They used less newsprint overall, which means there was less material to manage, and a greater percentage of the material that they did use was RCN. This is a great benefit to solid waste management. The newsprint industry is helping to create and strengthen markets for secondary paper, creating more jobs than what would have been created by simply landfilling the recovered paper. The industry's use of RCN is conserving landfill space and natural resources and reducing energy consumption.